

COUNTY OF LOS ANGELES

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Director

ROBIN KAY, Ph.D.
Chief Deputy Director

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DEPARTMENT OF MENTAL HEALTH

<http://dmh.lacounty.gov>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601
Fax: (213) 386-5282

September 2, 2010

TO: Each Supervisor
FROM: Marvin J. Southard, D.S.W.
Director of Mental Health

SUBJECT: **TERMINATION OF THE DEPARTMENT OF MENTAL HEALTH OUT-OF-STATE CHILD PLACEMENT AGREEMENT**

This is to advise your Board of the termination of the Mental Health Out-of-State Child Placement (OSCP) Agreement, Number MH140044, between Aspen Solutions, Inc. and the County of Los Angeles – Department of Mental Health (DMH), effective June 30, 2010, pursuant to Paragraph 3.0, Term and Termination of the Agreement, at the written request of Paul McIver, District Chief, dated April 29, 2010 (see attachment).

The Board approved this OSCP Agreement on June 10, 2008, Agenda Item No. 26.

If you have any questions or concerns regarding this termination, please contact me, or your staff may contact Richard Kushi, Contracts Development and Administration Division, at (213) 738-4684.

MJS:RK:MM:RK:coh

Attachment

c: Executive Officer, Board of Supervisors
Chief Executive Officer
County Counsel
Robin Kay, Ph.D.
Margo Morales
Olivia Celis-Karim
Paul McIver
Zoe Trachtenberg
Kimberly Nall
Richard Kushi
Raymond Chow
Cynthia O. Hernandez

COH:Board Termination Letter.Aspen.

"To Enrich Lives Through Effective And Caring Service"

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Director



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DEPARTMENT OF MENTAL HEALTH

600 SOUTH COMMONWEALTH AVE. LOS ANGELES, CALIFORNIA 90005

Reply To: Children, Youth, Family Program Administration
AB3632 Residential Placement Unit
213-739-2345 Fax: 213-738-6521
ztrachtenberg@dmh.lacounty.gov

April 29, 2010

Ms. Ruth K. Moore, Vice President Corporate Compliance
Aspen Education Group
17777 Center Court Drive, Suite 300
Cerritos, CA 90703

RE: **Contract Number MH14044** Out of State Mental Health Services Contract for Aspen Ranch, Island View, Sunhawk Academy, and Youthcare/Pine Ridge Academy.

Dear Ms. Moore,

Pursuant to a ruling by the California Office of Administrative Hearings in OAH Case No. N2005070683, the California Auditor Controller has challenged the nonprofit status of the programs owned and operated by the Aspen Education Group/Aspen Solutions Inc.

LA County DMH has not made any new referrals to Aspen programs since October 2008, which was around the time that it was made known to California counties, that payments made to the Aspen programs and other out of state programs who have their administrative offices based in California are subject to disallowance, if there is no letter from IRS confirming that the specifically named agency is recognized as a 'non-profit' agency.

At this time, the state statutes requiring the placement of Special Education/AB3632 students in programs that are 'nonprofit' has remained in effect, and therefore, without confirmation from the IRS that each Aspen program is recognized as a 'nonprofit' agency, DMH can no longer use the Aspen programs in the current contract.

This letter is being written, per the provisions of Paragraph 3.0 of the contract between Aspen Education Group and DMH, which requires written notice of intent to cancel or terminate this agreement, and giving the contractor 30 days written notice.

DMH is intending to terminate the current contract effective June 30, 2010. This is necessary for DMH to show its intent to remain in compliance with the California Code of Regulations Section 60025 (h):

"For the purposes of this Chapter, a group home is a nondetention facility that is owned and operated on a nonprofit basis in accordance with Welfare and Institutions Section 11400 (h)."

DMH and Aspen Education Group have had a long and successful relationship which has benefited our clients approved for residential placement. It is with regret that we must write this letter-however, if Aspen can provide documentation that will substantiate that the programs in the contract are recognized by the IRS as being owned and operated on a nonprofit basis, then perhaps we can resume referrals.

Thank you for your understanding and consideration of this matter, and we look forward to your response.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul L. McIver", written over a horizontal line.

Paul L. McIver LCSW, District Chief
LA County DMH Children, Youth, and Family Programs Administration

PM/zt